

Southern States Energy Board

# **Distributed Energy Resources at Federal Facilities Workshop**

**Findings of SSEB - DER Workshop**

**May 23-24, 2002**

**Atlanta, GA**

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# **SSEB Workshop on DER, November 28-29, 2001**

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- A very large group of Distributed Generation stakeholders met for two days to discuss DER.
- Benefits of DER and Gaps to accomplishing the benefits were identified.
- Four action initiatives were recommended:
  - Regulatory clarity
  - Cost transparency
  - Technology development, and demonstration
  - Identification of niche market applications.
- Regulatory clarity was chosen as the most important initiative.
- Regulatory clarity involves development of a process and program to create a regional, multi-state or individual southern state regulatory environment that would allow distributed energy resources to play on an equal footing with other electric generation options.

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# Regulatory Clarity Initiative

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## Objective

To create regional, multi-state and/or individual state processes and regulatory environments to enable DER to compete on an equal footing with other power generation options in the south.

## Background

Recognized regulatory barriers to the development of DER in the United States include: (1) lack of clarity in regulatory, legislative and administrative processes to obtain project approval – non-uniform requirements among states and utilities for application, interconnection, environmental compliance, zoning, among others, (2) high costs of applying for interconnection and interconnecting, (3) unclear and non-uniform process for seeking project approval from regulators, legislators and utilities, among others. Facing these problems, the State of Texas successfully created a regulatory/legislative climate that addressed these problems.

## Solution

This initiative is intended to use the models created by Texas and other states (e.g., New York) to examine a regional regulatory/legislative initiative where similar actions to place DER on an even keel with other electric power options can be pursued in the southern states (jointly or individually). SSEB DER Workshop Regulatory Clarity Initiative

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# Action Plan

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- Review the DG portions of the existing models to clarify, issues, problems and successes.
- Create a DG Working Group to be used as a sounding board and ideas generation group to support the SSEB in this initiative. The Working Group would, at a minimum, include a cross-section of stakeholders including: state utility and environmental regulators, state energy officials, state legislators, investor owned utilities, rural electric cooperatives, DG developers, and DG equipment suppliers active in the south.
- Prepare a straw-person regulation and briefing for discussions with states: develop a model set of regulations/legislation. Obtain Working Group comments and insights.
- SSEB will conduct meetings with southern states and implement a program to encourage regulatory clarity.

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# Benefits and Gaps of DER Leading to Action Plans

## Benefits

- Displacing T&D long-term or short-term especially for coops
- Site specific and difficulty to generalize
- Economic benefits to consumer; to grid
- Facilitate development of clean technologies (renewable; cleaner combustion)
- Homeland energy security
- Double/triple efficiency (with Combined heat and power (CHP))
- Higher PQ and reliability
- Benefits could become liabilities if done incorrectly
- Hedge on price
- Economic displacement of central generation—if not now needed processes to clear path
- Natural disasters – emergency generation
- Load management
- Customer choice but becomes responsibility
- Environmental – landfill gas
- Extension of grid
- Shorter time frame to build
- Tailored location value
- Avoided T & D Losses
- Off-grid power
- Peaking power/load management

## Gaps

- Standardized statewide policies for DG
- Processes in place to clear path for DG as an option
- Distinguishing between different types of DG
- Cost of integration
- Fly-by-night suppliers
- Lack of uniform interconnection policy/standards
- Capturing environmental costs/benefits
- Lack of functioning markets
- Lack of standardization environmental permits, societal costs
- Market real time signals to DGs
- Process to manage air quality
- Policy/initiatives for developing clean
- Regulatory /economic changes

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